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9 Attorneys for Chapter 11 Debtor and
10 Debtor-in-Possession

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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION

In re:

THE SOURCE HOTEL, LLC, a
California limited liability company,

Debtor and Debtor in Possession.

Case No.: 8:21-bk-10525-ES

Chapter 11

**NOTICE OF APPLICATION OF DEBTOR
AND DEBTOR IN POSSESSION TO
EMPLOY NAI CAPITAL COMMERCIAL,
INC. AS REAL ESTATE BROKER
PURSUANT TO 11 U.S.C. §§ 327 AND 328**

[No Hearing Required – Local Bankruptcy Rule
2014-1(b)]

1 **PLEASE TAKE NOTICE** that The Source Hotel, LLC, a California limited liability
2 company (the “Debtor”), the debtor and debtor in possession in the above-captioned chapter 11
3 bankruptcy case, has filed an application (the “Application”) for Court approval of the Debtor’s
4 employment of NAI Capital Commercial, Inc. (the “NAI Capital”) as its real estate broker, upon
5 the terms and conditions described below and in the Application.

6 **PLEASE TAKE FURTHER NOTICE** that the Debtor has made the decision that the
7 best interests of its estate are served by its employment of a highly qualified real estate broker to
8 assist the Debtor either to sell its partially completed seven-story hotel with 178 rooms in the City
9 of Buena Park, County of Orange, State of California (the “Hotel”) for the most money possible
10 or to find an investment partner to team up with the Debtor either in connection with a sale
11 process or a reorganization process. After interviewing and consulting with a number of qualified
12 real estate brokers, the Debtor has decided that NAI Capital is the ideal broker for the Debtor.
13 NAI Capital has approximately 223 brokers working in 12 offices throughout Southern
14 California, and NAI Capital has an extremely strong presence in Southern California yet is part of
15 a worldwide network that provides NAI Capital with access to prospective buyers and investors
16 worldwide. The Debtor seeks to employ NAI Capital as its real estate broker in accordance with
17 the listing agreement (the “Listing Agreement”) attached as Exhibit 1 to the Declaration of Chris
18 Jackson annexed to the Application (the “Jackson Declaration”).

19 **PLEASE TAKE FURTHER NOTICE** that the Debtor seeks to employ NAI Capital as
20 its real estate broker to render, among others, the following types of professional services:

- 21 a. Identifying potential buyers and investors using NAI Capital’s worldwide
22 network;
- 23 b. Assisting the Debtor to expeditiously formulate and implement a strategy
24 for soliciting interest from potential buyers and investors, including by developing and
25 implementing procedures and a timetable for marketing the Hotel for sale or investment;
- 26 c. Introducing the Debtor to potential buyers and investors and coordinating
27 due diligence investigations;

1 d. Assisting the Debtor to evaluate proposals from interested parties,
2 formulating negotiation strategies, and assisting in negotiations and closing of a sale or
3 investment; and

4 e. Participating in hearings before the Bankruptcy Court with respect to the
5 matters upon which NAI Capital has provided services or advice, including, as relevant,
6 providing testimony.

7 **PLEASE TAKE FURTHER NOTICE** that the Listing Agreement is for a term of
8 approximately six months, ending on November 30, 2021, and is an exclusive Listing Agreement
9 where NAI Capital will serve as the Debtor's sole and exclusive agent, if approved by the Court.

10 **PLEASE TAKE FURTHER NOTICE** that NAI Capital has not received any retainer
11 for this engagement and has not been paid any money by the Debtor at any time.

12 **PLEASE TAKE FURTHER NOTICE** that, in the event of a transaction closing, NAI
13 Capital shall be entitled to receive a commission in accordance with the Schedule of
14 Commissions contained in Exhibit A to the Listing Agreement. NAI Capital shall be entitled to a
15 commission of 1% of the sale price unless the consummated transaction is with any of the
16 "Excluded Persons" agreed to by the parties (as set forth in Exhibit C to the Listing Agreement),
17 in which case NAI Capital shall be entitled to a commission of 0.25% of the sale price. For
18 confidentiality reasons, Exhibit C is not included in the attachment to the Jackson Declaration.

19 **PLEASE TAKE FURTHER NOTICE** that, solely in order to save the expense of
20 preparing a fee application, the Debtor is requesting that its employment of NAI Capital be
21 pursuant to 11 U.S.C. § 328 and provide for NAI Capital to be paid its commission in connection
22 with the closing of any transaction without the need for a fee application or further Court order.

23 **PLEASE TAKE FURTHER NOTICE** that, to the best of the Debtor's knowledge and
24 based upon the Jackson Declaration, NAI Capital does not hold or represent any interest
25 materially adverse to the Debtor or the Debtor's estate, and NAI Capital is a "disinterested
26 person" as that term is defined in Section 101(14) of the Bankruptcy Code. It is the Debtor's
27 understanding that NAI Capital is also being retained by Plamex Investment, LLC ("Plamex"), an
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1 affiliate of the Debtor and a debtor-in-possession in its own chapter 11 bankruptcy case pending
2 before this Court (bearing the case number 8:21-bk-10958-ES). However, NAI Capital's
3 proposed employment as the real estate broker for Plamex is subject to a separate listing
4 agreement (which will need to be approved pursuant to a separate employment application filed in
5 Plamex's case), relates to an entirely different property, and is not tied or linked in any way to the
6 Debtor's proposed employment of NAI Capital in this case. To the best of the Debtor's
7 knowledge, other than as set forth in the Application and in the Jackson Declaration, NAI Capital
8 has no prior connection with the Debtor, any creditors of the Debtor or its estate, or any other
9 party in interest in this case, or their respective attorneys or accountants, the United States Trustee
10 or any person employed by the United States Trustee.

11 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 2014-
12 1(b)(3)(E), any objection to and request for a hearing on the Application, in the form required by
13 Local Bankruptcy Rule 9013-1(f)(1), must be filed and served on the Debtor, counsel for the
14 Debtor and the Office of the United States Trustee within fourteen (14) days after the date of
15 service of this Notice plus three (3) additional days if served by mail, electronically, or pursuant
16 to Rule 5(b)(2)(D), (E), or (F) of the Federal Rules of Civil Procedure and Rule 9006 of the
17 Federal Rules of Bankruptcy Procedure.

18 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 2014-
19 1(b)(4), if no objection and request for a hearing on the Application is timely filed and served,
20 LNBYB will promptly lodge a proposed order approving the Application.

21
22 Dated: June 2, 2021

THE SOURCE HOTEL, LLC

23 By: /s/ Ron Bender
24 RON BENDER
25 JULIET Y. OH
26 LEVENE, NEALE, BENDER, YOO
27 & BRILL L.L.P.
28 Attorneys for Chapter 11 Debtor and
Debtor-in-Possession

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled **NOTICE OF APPLICATION OF DEBTOR AND DEBTOR IN POSSESSION TO EMPLOY NAI CAPITAL COMMERCIAL, INC. AS REAL ESTATE BROKER PURSUANT TO 11 U.S.C. §§ 327 AND 328** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **June 2, 2021**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Ron Bender rb@lnbyb.com
- Christopher G. Cardinale ccardinale@agclawfirm.com, mgonzalez@agclawfirm.com
- Michael G Fletcher mfletcher@frandzel.com, sking@frandzel.com
- Amir Gamliel amir-gamliel-9554@ecf.pacerpro.com, cmallahi@perkinscoie.com; DocketLA@perkinscoie.com
- Robert P Goe kmurphy@goeforlaw.com, rgoe@goeforlaw.com; goeforecf@gmail.com
- Nancy S Goldenberg nancy.goldenberg@usdoj.gov
- Peter F Jazayeri peter@jaz-law.com
- Daniel A Lev dlev@sulmeyerlaw.com, ccaldwell@sulmeyerlaw.com; dlev@ecf.inforuptcy.com
- Grant A Nigolian grant@gnpclaw.com, process@gnpclaw.com; grant.nigolian@gmail.com
- Juliet Y Oh jyo@lnbrb.com, jyo@lnbrb.com
- Ho-El Park hpark@hparklaw.com
- Ronald N Richards ron@ronaldrichards.com, morani@ronaldrichards.com
- United States Trustee (SA) ustpreion16.sa.ecf@usdoj.gov

2. SERVED BY UNITED STATES MAIL: On **June 2, 2021**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service List continued on attached page

1 **3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR**
2 **EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR,
3 on **June 2, 2021**, I served the following persons and/or entities by personal delivery, overnight mail
4 service, or (for those who consented in writing to such service method), by facsimile transmission and/or
5 email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight
6 mail to, the judge will be completed no later than 24 hours after the document is filed.

7 Served via Overnight Mail

8 Hon. Erithe A. Smith
9 United States Bankruptcy Court
10 411 West Fourth Street, Suite 5040 / Courtroom 5A
11 Santa Ana, CA 92701-4593

12 I declare under penalty of perjury under the laws of the United States of America that the foregoing is
13 true and correct.

14 June 2, 2021	Lourdes Cruz	/s/ Lourdes Cruz
15 <u>Date</u>	<u>Type Name</u>	<u>Signature</u>

The Source Hotel, LLC
OUST, Secured, Top 20, RSN

Counsel to Evertrust Bank
Michael Fletcher, Esq.
Frandzel Robins Bloom & Csato, L.C.
1000 Wilshire Boulevard, 19th Floor
Los Angeles, CA 90017-2427

Nancy S Goldenberg
United States Trustee (SA)
411 W Fourth St Ste 7160
Santa Ana, CA 92701-8000

Secured Creditors:

3D Design - Millwork
8152 Indianapolis Ave.
Huntington Beach, CA 92646

Aragon Construction, Inc.
5440 Arrow Highway
Montclair, CA 91763

Beach Orangethorpe II, LLC
P.O. Box 489
Buena Park, CA 90621

Beach Orangethorpe III, LLC
P.O. Box 489
Buena Park, CA 90621

Beach Orangethorpe, LLC
P.O. Box 489
Buena Park, CA 90621

Beachamp Distributing Co.
1911 South Santa Fe Avenue
Compton, CA 90221

Best Quality Painting
818 N. Pacific Ave., #C
Glendale, CA 91203

Certified Tile
14557 Calvert St.
Van Nuys, CA 91411

Evergreen Electric Construction
629 Grove View Lane
La Canada, CA 91011

Iron Mechanical
721 North B Street
Suite 100
Sacramento, CA 95811

KS Steel Corp.
1748 Industrial Way
Los Angeles, CA 90023

Nemo & Rami
1930 W. Holt Ave.
Pomona, CA 91768

Northstar
404 North Berry Street
Brea, CA 92821-3104

Pan Pacific
18250 Euclid Street
Fountain Valley, CA 92708

PDG Wallcoverings
26492 Via Juanita
Mission Viejo, CA 92691

Prime Concrete Coatings
6127 James Alan St.
Cypress, CA 90630

Resco Electric Inc.
2431 W. Washington Blvd. Suite B
Los Angeles, CA 90018

Retrolock Corp
17915 Railroad Street
City of Industry, CA 91748

Salamander Fire Protection, Inc
6103 Tyrone Street
Van Nuys, CA 91401

Shady Bird Lending, LLC
c/o Law Offices of Ronald Richards
P.O. Box 11480
Beverly Hills, CA 90213

Solid Construction
883 Crenshaw Blvd.
Los Angeles, CA 90005

Sunbelt Controls, Inc.
888 E. Walnut Street
Pasadena, CA 91101

Grant Nigolian, P.C.
695 Town Center Drive, Suite 700
Costa Mesa, CA 92626

Hunt Ortmann Palffy Nieves et al.
301 North Lake Avenue, 7th Floor
Pasadena, CA 91101-1807

Law Office of Ho-El Park, P.C.
333 City Blvd. West, Suite 1700
Orange, CA 92868

Law Office of Michael N. Berke
25001 The Old Road
Santa Clarita, CA 91381

Law Offices of Dennis G. Cosso
345 Oxford Drive
Arcadia, CA 91007

Porter Law Group, Inc.
7801 Folsom Blvd., Suite 101
Sacramento, CA 95826

Robinson & Robinson, LLP
2301 Dupont Drive, Suite 530
Irvine, CA 92612-7502

Shady Bird Lending, LLC
c/o Law Offices of Geoffrey Long
1601 N. Sepulveda Blvd., No. 729
Manhattan Beach, CA 90266

Splinter & Thai, LLP
25124 Narbonne Ave., Suite 106
Lomita, CA 90717-2140

Top 20 Unsecured Creditors:

Newgens, Inc.
14241 Foster Rd.
La Mirada, CA 90638

Cabrillo Hoist
P.O. Box 3179
Rancho Cucamonga, CA 91729

WESCO Distribution Inc.
6251 Knott Ave.
Buena Park, CA 90620

Harbor All Glass & Mirror, Inc.
1926 Placentia Ave.
Costa Mesa, CA 92627

Diablo Consulting
13200 Crossroads Parkway N
Ste. 115
City of Industry, CA 91746

Ace Tek Roofing Co.
747 S. Ardmore Ave., Suite 405
Los Angeles, CA 90005

Morrow Meadows
231 Benton Court
City of Industry, CA 91789

Chefs Toys
18430 Pacific Street
Fountain Valley, CA 92708

Stumbaugh & Associates, Inc.
3303 N. San Fernando Blvd
Burbank, CA 91504

HBA Procurement, Inc.
3216 Nebraska Ave.
Santa Monica, CA 90404

OJ Insulation LP
600 S Vincent Ave.
Azusa, CA 91702

DKY Architects
15375 Barranca Pkwy.
Suite A-210
Irvine, CA 92618

Master Glass
2225 W. Pico Blvd, Unit C
Los Angeles, CA 90006

Universal Flooring Systems
15573 Commerce Lane
Huntington Beach, CA 92649

L2 Specialties
3613 W. Macarthur Blvd., #611
Santa Ana, CA 92704

Ficcadenti Waggoner
16969 Von Karman Avenue
Suite 240
Irvine, CA 92606

Retrolock Corp
17915 Railroad Street
City of Industry, CA 91748

American Engineering Laboratories Inc.
PO Box 1816
Whittier, CA 90609